

Privatisation in Kosova

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Kosovo

Area: 10.887 km²

Population: 1.9 million

Languages: Albanian/Serbian

Capital: Prishtinë/Priština

Currency: Euro

Enterprises: Private 40,942

SOE 350 + (160
Agricultural)

Public 55

GDP per capita 945.5 Euro (2001)

GNP per capita 1273.7 Euro (2001)



Legal Framework in Kosovo

New Government with a comprehensive programme with focus on institution building and developing the market economy

Business Operations

Business Organisations

Sales

Pledge

Foreign Investment

Taxation

VAT

Wages

Profits

Pensions

Property

Corporate Governance

Accounting Standards

Labour Law



Comparative Advantages

- **Purchasing Power**
- **Starting Privatisation Programme**
- **Natural Resources**
- **Low Tax Burden**
- **Europeanisation**
- **Security of Investment**



Reserved Powers

After the formation of the Kosovo Government, there are “Reserved Powers” remaining with the SRSG. One is the:

“Authority to administer public, state and socially-owned property in accordance with the relevant UNMIK legislation in force, in cooperation with the Provisional Institutions of Self-Government”.

(Constitutional Framework 8.1 q)



KTA and Privatisation

The KTA is able to preserve or enhance the value, viability, or corporate governance of **socially owned** and **public enterprises**. This includes:

- Appointing and replacing enterprise managers
- Creating supervisory or managing bodies for enterprises
- Carrying through external audits
- Issuing instructions to management
- Entering into arrangements for management or reorganisation
- Granting concessions or leases
- Establishing corporate subsidies
- Initiating bankruptcy proceedings

For Socially Owned Enterprises

'Spin-offs'
Liquidation



SOEs and POEs

Publicly Owned Enterprises

55

Energy

Water

Waste

PTK

Airport

Railway



SOEs and POEs

Socially Owned Enterprises 510

- Agriculture 21.3%
- Trade and Retail 11.5%
- Construction Materials 9.6%
- Metal Processing 9.0%
- Agro-processing 8.2%

Textiles 7.5%
Services 4.6%
Tourism Hospitality 4.4%
Forestry 4.2%
Wood Processing 4.0%

Chemicals, plastics, rubber, glass, mining,
transport, pharmaceuticals, other 15.7%



What's on offer?

Industry	Enterprises	in%
•Agro-processing	39	8.2%
•Agriculture	102	21.3%
•Metal Processing	43	9.0%
•Construction Materials	46	9.6%
•Chemicals/Plastics/Glass etc	13	2.7%
•Textiles	36	7.5%

continues



What's on offer?

<u>Industry</u>	<u>Enterprises</u>	<u>in%</u>
Forestry	20	4.2%
Wood Processing	19	4.0%
Trade and Retail	55	11.5%
Tourism and Hospitality	21	4.4%
Mining	7	1.5%
Transport	13	2.7%
Pharmaceuticals	3	0.6%
Services	22	4.6%
<u>Other</u>	<u>39</u>	<u>8.2%</u>
Total	478	100.0%



PREVIOUS RESULTS

	First Wave (May-July 2003)	Second Wave (June-Sept 2003)	Third Wave (July-Sept 2004)
Offered:			
•SOEs	6	18	13
•NewCos	7	20	22
Bids Received			
•Number of Bids	22	180	129
•Total Bid Value	EUR 9 mil.	EUR 140 mil.	EUR 88 mil.
Sales Completed			
•Number Completed	5	14	In Process
•Proceeds	EUR 2 mil.	EUR 24 mil.	

Summary Final Round Bid Results

NewCo	Highest Bid Price	Highest Bidder	
•NewCo Bottling Plant LLC (Lipjan)	2,081,250 €	P13	Provisional Winner
•NewCo Fazita LLC (Pristina)	2,781,250 €	P45	Provisional Winner
•NewCo Fazita Industrial Zone LLC (Pristina)	550,000 €	P61	Provisional Winner
NewCo Plantacioni - Agrobusiness Shtime LLC	516,765 €	P60	Provisional Winner
•NewCo Plantacioni - Refrigeration Plant LLC	211,250 €	P80	Provisional Winner
•NewCo “Plantacioni Ferizaj” LLC	362,500 €	P108	Provisional Winner
•NewCo Derma Commerce Warehouse Mitrovica LLC	131,251 €	P110	Provisional Winner
•NewCo Progresi Printing LLC	271,250 €	P49	Provisional Winner
•NewCo Univerzal Warehouse LLC	70,000 €	MT12	Provisional Winner
•NewCo Univerzal Shopping Mall LLC	121,250 €	P47	Provisional Winner
•NewCo Perparimi Brick Factory F3 LLC	0 €	0	No bids
•NewCo Bujqesia-Zahaq	1,101,250 €	P48	Provisional Winner
•NewCo 17 Nentori Department Store LLC	4,111,111 €	P64	Provisional Winner
•NewCo TEUTA-1 LLC	181,250 €	P28	Provisional Winner
•NewCo TEUTA-2 LLC	111,111 €	P90	Provisional Winner
•NewCo Printing House (Prizren) LLC	802,250 €	P21	Provisional Winner
•NewCo Buzagillek LLC	2,706,250 €	P50	Provisional Winner
•NewCo PH Shop (Gjakovë/Djakovica) LLC	51,250 €	P10	Provisional Winner
•NewCo PH Shop (Suhareka/Suva Reka) LLC	45,550 €	P96	Provisional Winner
	16,206,788 €		
Bid Prices include the charter capital of 1,250			

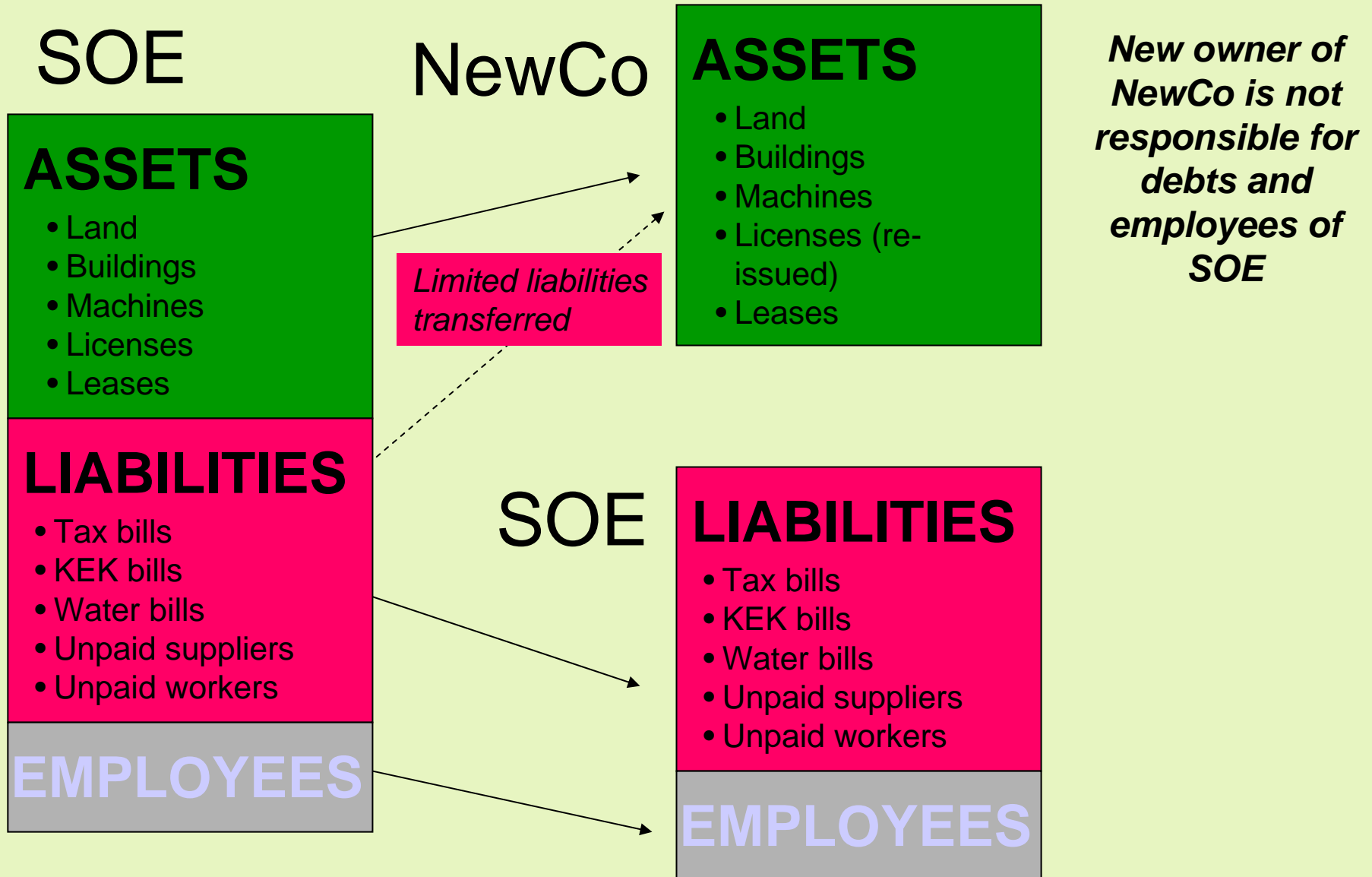
Final Round Highest Bids Special Spinoffs				3 Highest Bidders		
NewCo	Highest Bid Price	Guaranteed Investment	Guaranteed Employment			
•NewCo Banja e Kllokotit Mineral Water Plant LLC	3,451,111 €	4,200,000 €	252	P42	P79	P74
•NewCo Perparimi LLC	1,151,250 €	2,000,000 €	150	P1	P29	P109
	<u>4,602,361 €</u>					
Bids Received Special Spin Offs	16					

FOURTH WAVE LAUNCH IMMINENT

**16 SOEs Tendered on
23 NEWCOS are available.**

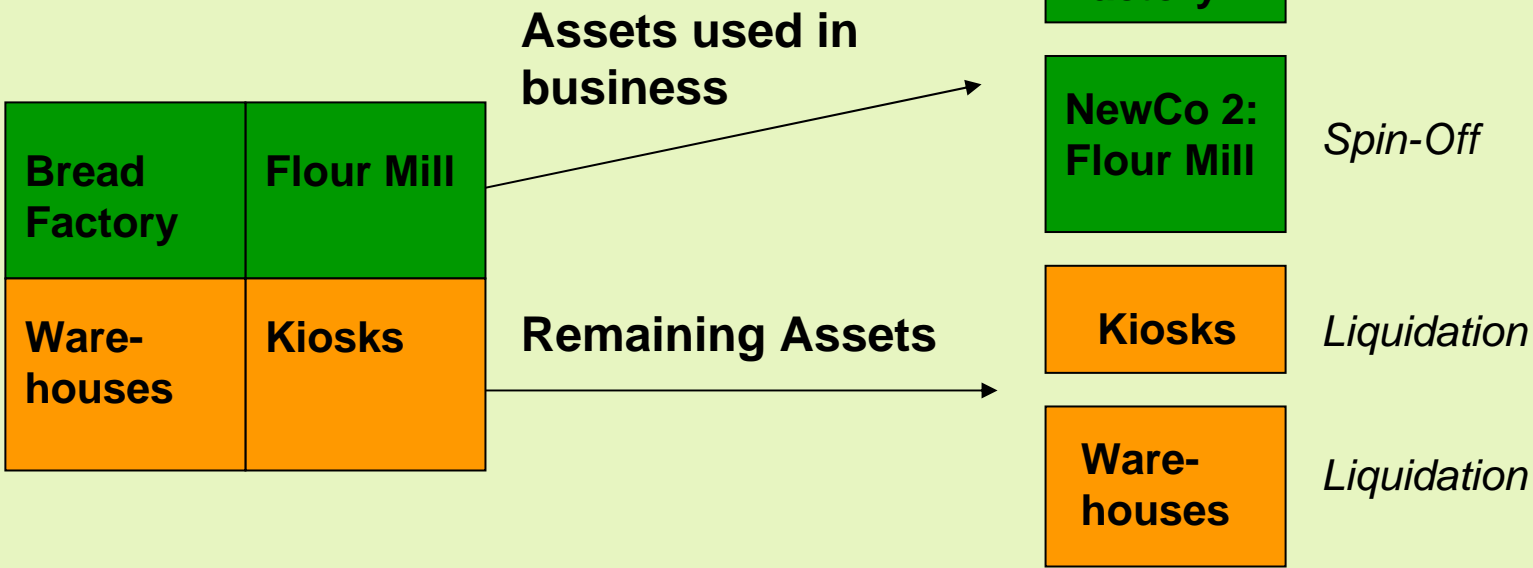
Bids Due TBD!!

SPIN-OFF TRANSACTION



AN EXAMPLE OF SPIN-OFF

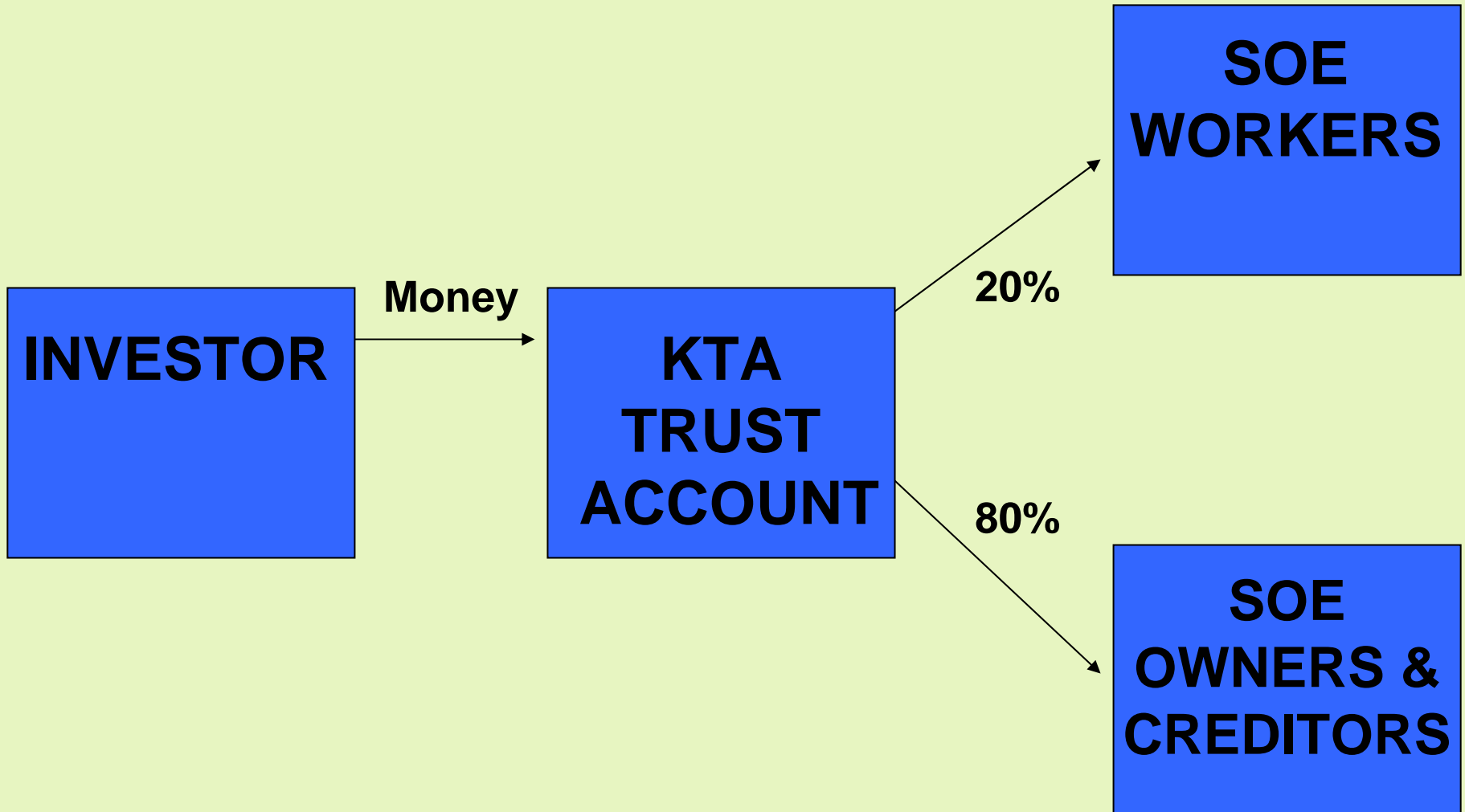
*Spin-off:
example
SOE IMB*



*Liquidation:
example
SOE Graniti*



WHERE DOES THE MONEY GO?



What is the Key Difference between an Ordinary Spin-off and a Special Spin-off?

For an Ordinary Spin-off, only the Bid Price for the NewCo matters.

For a Special Spin-off, there are three criterion:

- Bid Price (50% of Total Bid Value)**
- Employment Guarantees (25% of Total Bid)**
- Investment Guarantees (25% of Total Bid)**

Crown Jewels of Kosovo

Ferronikeli - tendered

Balkan Belts

Rahoveci Winery

Grand Hotel

Llamkos

Peje Brewery

**Xim Strezove/Golesh
Magnesite Mine**

Pipe Factory

Xerxe/Silos

Trepca Mines

Brezovica Ski Resorts



WHERE DO I GET MORE INFORMATION?

KTA Central and Regional Offices

Prishtina Central KTA Office

No. 8 Ilir Konushevci Street

(former UNCC)

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